
THE PAS REGIONAL LIBRARY
FINANCIAL STATEMENTS

DECEMBER 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Members
The Pas Regional Library

We have audited the accompanying financial statements of The Pas Regional Library, which comprise the statement of financial position as at December 31, 2014, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Pas Regional Library as at December 31, 2014, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards.


CHARTERED ACCOUNTANTS

The Pas, Manitoba
July 7, 2015

THE PAS REGIONAL LIBRARY

STATEMENT 1

STATEMENT OF FINANCIAL POSITION

DECEMBER 31

	General Fund	Millennium Fund	Capital Fund	2 0 1 4	2 0 1 3
A S S E T S					
CURRENT					
Cash	\$ 39,604	\$ 7	\$	\$ 39,611	\$ 44,647
Short term investments		12,754		12,754	
Accounts receivable	<u>4,595</u>	<u>-</u>	<u>-</u>	<u>4,595</u>	<u>4,144</u>
	44,199	12,761		56,960	48,791
CAPITAL ASSETS (Note 3)					
	<u>-</u>	<u>-</u>	<u>20,260</u>	<u>20,260</u>	<u>26,147</u>
	<u>\$ 44,199</u>	<u>\$ 12,761</u>	<u>\$ 20,260</u>	<u>\$ 77,220</u>	<u>\$ 74,938</u>

LIABILITIES AND NET ASSETS

CURRENT					
Accounts payable	\$ 5,121	\$	\$	\$ 5,121	\$ 19,472
Deferred revenue	<u>10,556</u>	<u>-</u>	<u>-</u>	<u>10,556</u>	<u>4,328</u>
	15,677			15,677	23,800
NET ASSETS (Note 5)					
	<u>28,522</u>	<u>12,761</u>	<u>20,260</u>	<u>61,543</u>	<u>51,138</u>
	<u>\$ 44,199</u>	<u>\$ 12,761</u>	<u>\$ 20,260</u>	<u>\$ 77,220</u>	<u>\$ 74,938</u>

Approved on behalf of the Board:

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Director

.....
Director

THE PAS REGIONAL LIBRARY

STATEMENT 2

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31

	2014	2013
GENERAL FUND		
BALANCE, <i>beginning of year</i>	\$ 12,304	\$ 22,204
Excess of revenue over expenditures (expenditures over revenue)	16,218	(20,170)
Transfers from Millennium Fund	<u>-</u>	<u>10,270</u>
BALANCE, <i>end of year</i>	\$ <u>28,522</u>	\$ <u>12,304</u>
MILLENNIUM FUND		
BALANCE, <i>beginning of year</i>	\$ 12,687	\$ 22,937
Interest	74	20
Transfers to General Fund	<u>-</u>	<u>(10,270)</u>
BALANCE, <i>end of year</i>	\$ <u>12,761</u>	\$ <u>12,687</u>
CAPITAL FUND		
BALANCE, <i>beginning of year</i>	\$ 26,147	\$ 31,352
Purchase of capital assets	6,119	6,615
Amortization of capital assets	<u>(12,006)</u>	<u>(11,820)</u>
BALANCE, <i>end of year</i>	\$ <u>20,260</u>	\$ <u>26,147</u>
TOTAL	\$ <u>61,543</u>	\$ <u>51,138</u>

THE PAS REGIONAL LIBRARY

STATEMENT 3

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31

	2014	2013
REVENUE		
Core grants		
Town of The Pas	\$ 149,000	\$ 121,310
R.M. of Kelsey	32,000	24,920
Less: funding to Flin Flon	(4,862)	(4,862)
Provincial grants	72,673	72,673
Annex rental	5,878	7,556
Book fines	3,322	3,048
Fundraising	253	97
Internet	6,629	5,855
Other and sundry	4,492	4,677
Memberships	1,310	1,475
Photocopying and fax	3,299	3,191
Special Projects	<u>22,184</u>	<u>12,827</u>
	<u>296,178</u>	<u>252,767</u>
EXPENDITURES		
Library collection		
Books and audio books	37,470	33,999
Periodicals and subscriptions	2,660	2,491
Videos and microfilms	<u>1,805</u>	<u>2,327</u>
	<u>41,935</u>	<u>38,817</u>
Administration		
Car allowance	1,560	1,595
Cleaning contract	6,818	6,440
Miscellaneous	1,668	420
Photocopying	3,039	2,394
Postage and freight	972	816
Professional fees	2,010	1,387
Programming	3,156	
Public relations	1,591	1,558
Salaries and benefits	160,530	163,143
Special projects	16,608	12,640
Stationery and supplies	8,472	8,946
Workshops and travel	-	4,528
	<u>206,424</u>	<u>203,867</u>
Building and equipment		
Electricity	13,880	12,154
Furniture and equipment	7,233	4,828
Property tax	963	
Repairs and maintenance	5,109	9,216
Telephone and fax	4,000	3,737
Water expense	<u>416</u>	<u>318</u>
	<u>31,601</u>	<u>30,253</u>
	<u>279,960</u>	<u>272,937</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	\$ <u>16,218</u>	\$ <u>(20,170)</u>

THE PAS REGIONAL LIBRARY

STATEMENT 4

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31

	2014	2013
CASH FLOWS FROM		
<i>OPERATING ACTIVITIES</i>		
Cash received from grants, patrons and fundraising	\$ 302,029	\$ 252,409
Cash paid to suppliers and employees	<u>(288,192)</u>	<u>(253,202)</u>
	<u>13,837</u>	<u>(793)</u>
<i>CAPITAL ACTIVITIES</i>		
Purchase of capital assets	<u>(6,119)</u>	<u>(6,615)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	7,718	(7,408)
CASH, <i>beginning of year</i>	<u>44,647</u>	<u>52,055</u>
CASH, <i>end of year</i>	\$ <u>52,365</u>	\$ <u>44,647</u>

CASH COMPRISED OF:

Cash	\$ 39,611	\$ 44,647
Short term investments	<u>12,754</u>	<u>-</u>
	\$ <u>52,365</u>	\$ <u>44,647</u>

THE PAS REGIONAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Pas Regional Library (the Library) have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board. ("PSAB for Government NPOs")

FUND ACCOUNTING

The Library uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions.

The operations of the Library have been segregated into the following funds:

- General Fund - Reports the day to day operations of the Library
- Millennium Fund - Reports the operations of the Library's Millennium Fund
- Capital Fund - Reports the Library's capital assets

REVENUE RECOGNITION

The Library follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or become receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues other than contributions are recognized when they are earned.

CONTRIBUTED MATERIALS AND SERVICES

Contributed materials and services are recorded at fair value when fair value can be reasonably estimated and when the materials and services are normally purchased by the Library and would be paid for if not donated.

USE OF ESTIMATES

The preparation of financial statements in accordance with PSAB for Government NPO's requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

FINANCIAL INSTRUMENTS

The financial instruments of the Library consist of cash, short term investments, accounts receivable and accounts payable. The Library classifies its financial instruments as either fair value or amortized cost. The Library's accounting policy for each category is as follows:

THE PAS REGIONAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair Value

These financial instruments are initially measured at cost and are subsequently carried at fair value. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. Transaction costs are expensed as incurred.

When a decline in fair value occurs which is determined by the Library to be other than of a temporary nature, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

Amortized Cost

Financial instruments in this category are initially measured at cost and are subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transaction costs are added to the carrying value of the financial instrument.

If an impairment loss is determined by the Library and there is no realistic prospect of recovery the financial asset(s) are written down to net recoverable value with the writedown being recognized in the statement of operations.

CAPITAL ASSETS

Capital assets are amortized annually with a corresponding reduction in equity in capital assets. Assets are amortized over their expected useful life using the straight line method, as follows:

Building improvements - 15 years
Equipment and furniture - 5 years

Additions to library holdings are expensed in the year of acquisition.

2. FINANCIAL INSTRUMENT CLASSIFICATION

	2014	
	Fair Value	Amortized Cost
Cash	\$ 39,611	\$
Short term investments	12,754	
Accounts receivable		4,595
Accounts payable		(5,121)

The maximum credit risk exposure is equal to the carrying amount.

Fair Value Hierarchy

PS 3450 - Financial Instruments - requires the disclosure of a three-level hierarchy for the fair value measurements based upon the transparency of inputs to the valuation of financial instruments carried on the Statement of Financial Position at fair value.

THE PAS REGIONAL LIBRARY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

2. FINANCIAL INSTRUMENT CLASSIFICATION *(continued)*

The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data.

All financial instruments measured at fair value on the statement of financial position are Level 1. There were no transfers between levels for the years ended December 31, 2014 and 2013.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	Net Book Value	
			2 0 1 4	2 0 1 3
Building improvements	\$ 105,884	\$ 93,652	\$ 12,232	\$ 19,292
Furniture and equipment	<u>90,435</u>	<u>82,407</u>	<u>8,028</u>	<u>6,855</u>
	<u>\$ 196,319</u>	<u>\$ 176,059</u>	<u>\$ 20,260</u>	<u>\$ 26,147</u>

4. RELATED PARTY TRANSACTIONS

The Library is related to the Town of The Pas and its organizations. The Library enters into transactions with these entities in the normal course of business and these transactions are measured at the exchange amount. The Library operates in real property owned by the Town of The Pas and while the Library maintains responsibility for most facility operating costs no base rent amount has been recorded in the financial statements.

5. CAPITAL MANAGEMENT

The Library's capital is comprised of its net assets. The Library's objective in managing capital is to maintain sufficient financial resources to cover the cost of its operations. The Library manages its capital through creation, implementation and monitoring of an annual budget.

To assist in meeting its long-term service objectives the Library has segregated the net assets of its operating fund which is comprised of the General Fund and Millennium Fund in the following manner:

	2 0 1 4	2 0 1 3
Internally Restricted		
Millennium Fund	\$ 12,761	\$ 12,687
Other	<u>3,977</u>	<u>5,790</u>
	16,738	18,477
Unrestricted	<u>24,545</u>	<u>6,514</u>
	<u>\$ 41,283</u>	<u>\$ 24,991</u>